

December 22, 2009

Mr. Thomas R. Piper, Director
Certificate of Need Program
P. O. Box 570
Jefferson City, MO 65109

RE: #4444 HS: North Kansas City Hospital
\$998,000 Purchase of an Additional Surgical Robot Unit

Dear Mr. Piper:

Attached are four PDF files of a Certificate of Need application containing the following:

PDF File: Divider I: Application Summary
PDF File: Divider II: Proposal Description
PDF File: Divider III: Service Specific Criteria and Standards
& Divider IV: Financial Feasibility Review Criteria and Standards
PDF File: Accountant's Report for NKCH

A check in the amount of \$1,400 to cover the application fee previously was sent to P. O. Box 570 and should have arrived in your office.

It is anticipated the application would be reviewed at the Missouri Health Facilities Review Committee meeting on March 8, 2010. If you have any questions about the application, you may contact me at 816-691-2022 or by e-mail at yvonne.seckington@nkch.org.

Sincerely,



Yvonne E. Seckington
Vice President-Market Development

four PDF file attachments



MHFRC

Robert "Tony" Foster, Chair

Michael Meierhoffer, Vice-Chair

Gordon L. Kinne
Rory Ellinger

Rep. Kenny Jones
Rep. Jake Zimmerman

Senator Robin Wright-Jones
Senator Eric Schmitt

Missouri Health Facilities Review Committee

Post Office Box 570, Jefferson City, MO 65102
Voice: (573) 751-6403 Fax: (573) 751-7894 Website: <www.dhss.mo.gov/con>

October 27, 2009

Yvonne E. Seckington, Vice President
Market Development
North Kansas City Hospital
2800 Clay Edwards Drive
North Kansas City, MO 64116-3220

**SUBJECT: #4444 HS: North Kansas City Hospital
\$1,500,000, Replace robotic surgery system**

Dear Ms. Seckington:

Your Certificate of Need (CON) Letter of Intent (LOI) was accepted by this office on October 23, 2009. The **original and eleven copies of your full CON application** will be required. They may be submitted any time on or after November 23, 2009, but no later than April 23, 2010.

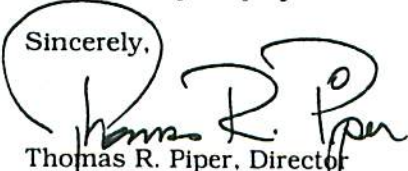
A fee is required for each CON application submitted for review and must accompany the application. The minimum fee is one thousand dollars (\$1,000), or one-tenth of one percent (0.1%) of total project cost, whichever is greater. Application fees will be deposited in the state treasury upon receipt and, once deposited, cannot be returned.

You must use the materials provided in the enclosed forms packet to prepare your application, paying particular attention to the specific application checklist and the information requirements for your project. You must include the specific application checklist as the table of contents for your application. The page number can be entered to the right side of the check box column titled "done". Please note, the owner(s), operator(s), project location and the project description in your application must be the same as indicated on the LOI.

The forms are also available on the CON web site at www.dhss.state.mo.us/con in Adobe Acrobat PDF format (these are interactive forms which allow entry directly on your computer).

If you have any questions, please contact Donna Schuessler, the Health Planning Specialist assigned to your project. Thank you for your cooperation in the CON process.

Sincerely,



Thomas R. Piper, Director
Certificate of Need Program

TRP/ds

Enclosure: Forms packet

2

**LETTER OF INTENT****AMENDED**

1. Project Information <small>(attach additional pages as necessary to identify multiple project sites.)</small>		
Title of Proposed Project Purchase of an additional surgical robot unit		County same
Project Address (Street/City/State/Zip Code or plat map, if no address) same		
2. Applicant Identification <small>(attach additional pages as necessary to list all owners and operators)</small>		
List All Owner(s): <small>(list corporate entity)</small>	Address (Street/City/State/Zip Code)	Telephone Number
same	same	same
same	same	same
List All Operator(s): <small>(list entity to be licensed or certified)</small>	Address (Street/City/State/Zip Code)	Telephone Number
same	same	same
3. Type of Review		
4. Project Description <small>(information should be brief but sufficient to understand scope of project)</small>		
<p>Full Review:</p> <p><input type="checkbox"/> New Hospital</p> <p><input type="checkbox"/> New/Add LTC Beds</p> <p><input type="checkbox"/> New/Add LTCH Beds/eqpt</p> <p><input checked="" type="checkbox"/> New/Additional Equipment</p> <p><input type="checkbox"/> Replacement Equipment not previously approved</p> <p>Expedited Review:</p> <p><input type="checkbox"/> 6-mile RCF/ALF Replacement</p> <p><input type="checkbox"/> 15-mile LTC Replacement</p> <p><input type="checkbox"/> 30-mile LTC Replacement</p> <p><input type="checkbox"/> LTC Bed Expansion</p> <p><input type="checkbox"/> LTC Renov./Modernization</p> <p><input type="checkbox"/> Equipment Replacement</p> <p>Non-Applicability Review:</p> <p><input type="checkbox"/> <small>(See 7. Applicability next page)</small></p> <p>Project description to include the number of long-term care beds to be added, deleted or replaced, square footage of new construction and/or renovation, services affected, and major medical equipment to be acquired or replaced. If applying for a non-applicability review, also complete the next page of this form.</p> <p>North Kansas City Hospital seeks to purchase a certified refurbished daVinci "S" model surgical robot because of a change in conditions as an addition to the existing standard daVinci surgical robot currently in use.</p>		
Legend: LTC = Long-Term Care; LTCH = Long-Term Care Hospital; RCF/ALF = Residential Care and Assisted Living Facility		
5. Estimated Project Cost: \$ 998,000		
6. Authorized Contact Person Identification <small>(only one per project, regardless of number of owners/operators)</small>		
Name of Contact Person Yvonne E. Seckington		Title Vice President-Market Development
Contact Person Address (Company/Street/City/State/Zip Code) North Kansas City Hospital, 2800 Clay Edwards Drive, North Kansas City, MO 64116-3220		
Telephone Number 816-691-2022	Fax Number 816-346-7020	E-mail Address yvonne.seckington@nkch.org
Signature of Contact Person  3		Date of Signature 12/14/09

**NEW OR ADDITIONAL EQUIPMENT APPLICATION**

Applicant's Completeness Checklist and Table of Contents

Project Name: Purchase of an Additional Surgical Robot UnitProject No.: #4444 HSProject Description: Purchase of an Additional Surgical Robot UnitDone Page N/A Description of CON Rulebook Contents**Divider I. Application Summary:**

- | | |
|--|--|
| <input checked="" type="checkbox"/> <u>4</u> | <input type="checkbox"/> 1. Applicant Identification and Certification (Form MO 580-1861). |
| <input checked="" type="checkbox"/> <u>5</u> | <input type="checkbox"/> 2. Representative Registration (Form MO 580-1869). |
| <input checked="" type="checkbox"/> <u>6</u> | <input type="checkbox"/> 3. Proposed Project Budget (Form MO 580-1863) and detail sheet. |

Divider II. Proposal Description:

- | | |
|---|--|
| <input checked="" type="checkbox"/> <u>7</u> | <input type="checkbox"/> 1. Provide a complete detailed project description and include equipment bid quotes. |
| <input checked="" type="checkbox"/> <u>26</u> | <input type="checkbox"/> 2. Provide a legible city or county map showing the exact location of the project. |
| <input checked="" type="checkbox"/> <u>11</u> | <input type="checkbox"/> 3. Define the community to be served. |
| <input checked="" type="checkbox"/> <u>30</u> | <input type="checkbox"/> 4. Provide 2015 population projections for the proposed geographic service area. |
| <input checked="" type="checkbox"/> <u>12</u> | <input type="checkbox"/> 5. Provide other statistics to document the size and validity of any user-defined geographic service area. |
| <input checked="" type="checkbox"/> <u>15</u> | <input type="checkbox"/> 6. Identify specific community problems or unmet needs the proposal would address. |
| <input checked="" type="checkbox"/> <u>45</u> | <input type="checkbox"/> 7. Provide historical utilization for each of the past three years and utilization projections through the first three years of operation of the new equipment. |
| <input checked="" type="checkbox"/> <u>13</u> | <input type="checkbox"/> 8. Provide the methods and assumptions used to project utilization. |
| <input checked="" type="checkbox"/> <u>15</u> | <input type="checkbox"/> 9. Document that consumer needs and preferences have been included in planning this project and describe how consumers had an opportunity to provide input. |
| <input checked="" type="checkbox"/> <u>16</u> | <input type="checkbox"/> 10. Provide copies of any petitions, letters of support or opposition received. |

Divider III. Community Need Criteria and Standards:

- | | |
|---|---|
| <input type="checkbox"/> <u> </u> | <input checked="" type="checkbox"/> 1. For new units address the need formula for the proposed geographic service area. |
| <input type="checkbox"/> <u> </u> | <input checked="" type="checkbox"/> 2. For new units, address the minimum annual utilization standard for the proposed geographic service area. |
| <input type="checkbox"/> <u> </u> | <input checked="" type="checkbox"/> 3. For any new unit where specific need and utilization standards are not listed, provide the methodology for determining need. |
| <input checked="" type="checkbox"/> <u>42</u> | <input type="checkbox"/> 4. For additional units, document compliance with the optimal utilization standard, and if not achieved, provide documentation to justify the additional unit. |
| <input type="checkbox"/> <u> </u> | <input type="checkbox"/> 5. For evolving technology address the following: |
| <input type="checkbox"/> <u> </u> | <input checked="" type="checkbox"/> - Medical effects as described and documented in published scientific literature; |
| <input type="checkbox"/> <u> </u> | <input checked="" type="checkbox"/> - The degree to which the objectives of the technology have been met in practice; |
| <input type="checkbox"/> <u> </u> | <input checked="" type="checkbox"/> - Any side effects, contraindications or environmental exposures; |
| <input type="checkbox"/> <u> </u> | <input checked="" type="checkbox"/> - The relationships, if any, to existing preventive, diagnostic, therapeutic or management technologies and the effects on the existing technologies; |
| <input type="checkbox"/> <u> </u> | <input checked="" type="checkbox"/> - Food and Drug Administration approval; |
| <input type="checkbox"/> <u> </u> | <input checked="" type="checkbox"/> - The need methodology used by this proposal in order to assess efficacy and cost impact of the proposal; and |
| <input type="checkbox"/> <u> </u> | <input checked="" type="checkbox"/> - The degree of partnership, if any, with other institutions for joint use and financing. |

Divider IV. Financial Feasibility Review Criteria & Standards:

- | | |
|---|--|
| <input checked="" type="checkbox"/> <u>52</u> | <input type="checkbox"/> 1. Document that sufficient financing is available by providing a letter from a financial institution or an auditor's statement indicating that sufficient funds are available. |
| <input checked="" type="checkbox"/> <u>45</u> | <input type="checkbox"/> 2. Provide Service-Specific Revenues and Expenses (Form MO 580-1865) projected through three (3) years beyond project completion. |
| <input checked="" type="checkbox"/> <u>43</u> | <input type="checkbox"/> 3. Document how patient charges were derived. |
| <input checked="" type="checkbox"/> <u>44</u> | <input type="checkbox"/> 4. Document responsiveness to the needs of the medically indigent. |



DIVIDER I

Application Summary



Certificate of Need Program

APPLICANT IDENTIFICATION AND CERTIFICATION*(must match the Letter of Intent for this project, without exception)***1. Project Location** *(attach additional pages as necessary to identify multiple project sites.)*

Title of Proposed Project Purchase of an Additional Surgical Robot Unit	Project Number 4444 HS
Project Address (Street/City/State/Zip Code) North Kansas City Hospital, 2800 Clay Edwards Drive, North Kansas City, MO 64116-3220	County Clay

2. Applicant Identification *(Information must agree with previously submitted Letter of Intent)***List All Owner(s):** *(list corporate entity)* Address (Street/City/State/Zip Code) Telephone Number

The Board of Trustees North Kansas City Hospital	2800 Clay Edwards Drive, North Kansas City, MO 64116-3220	816-691-2022
North Kansas City Hospital	2800 Clay Edwards Drive, North Kansas City, MO 64116-3220	816-691-2022

List All Operator(s): *(list entity to be licensed or certified)* Address (Street/City/State/Zip Code) Telephone Number

North Kansas City Hospital	2800 Clay Edwards Drive, North Kansas City, MO 64116-3220	816-691-2022

3. Ownership *(Check applicable category)*

<input type="checkbox"/> Nonprofit Corporation	<input type="checkbox"/> Individual	<input checked="" type="checkbox"/> City	<input type="checkbox"/> District
<input type="checkbox"/> Partnership	<input type="checkbox"/> Corporation	<input type="checkbox"/> County	<input type="checkbox"/> Other: _____

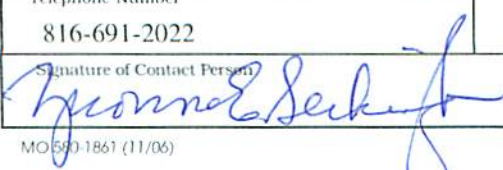
4. Certification:

In submitting this project application, the applicant understands that:

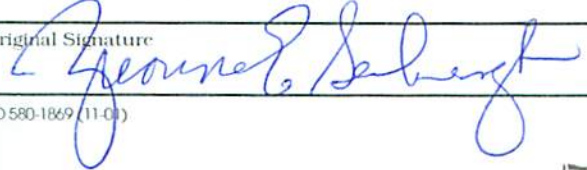
- (A) The review will be made as to the community need for the proposed beds or equipment in this application;
- (B) In determining community need, the Missouri Health Facilities Review Committee (Committee) will consider all similar beds or equipment within;
- (C) The issuance of a Certificate of Need (CON) by the Committee depends on conformance with its Rules and CON statute;
- (D) A CON shall be subject to forfeiture for failure to incur an expenditure on any approved project six (6) months after the date of issuance, unless obligated or extended by the Committee for an additional six (6) months;
- (E) Notification will be provided to the CON Program staff if and when the project is abandoned; and
- (F) A CON, if issued, may not be transferred, relocated, or modified except with the consent of the Committee.

We certify the information and data in this application as accurate to the best of our knowledge and belief by our representative's signature below:

5. Authorized Contact Person *(attach a Contact Person Correction Form if different from the Letter of Intent)*

Name of Contact Person Yvonne Seckington	Title Vice President - Market Development	
Telephone Number 816-691-2022	Fax Number 816-346-7020	E-mail Address yvonne.seckington@nkch.org
Signature of Contact Person 		Date of Signature 12/22/09

**REPRESENTATIVE REGISTRATION***(A registration form must be completed for **each** project represented)*

Project Name Purchase of an Additional Surgical Robot Unit		Number 4444 HS																		
<i>(Please type or print legibly)</i>																				
Name of Representative Yvonne Seckington		Title Vice President - Market Development																		
Firm/Corporation/Association of Representative (may be different from below, e.g., law firm, consultant, other) North Kansas City Hospital		Telephone Number 816-691-2022																		
Address (Street/City/State/Zip Code) 2800 Clay Edwards Drive North Kansas City, MO 64116																				
Who's interests are being represented? <i>(If more than one, submit a separate Representative Registration Form for each.)</i>																				
Name of Individual/Agency/Corporation/Organization being Represented North Kansas City Hospital		Telephone Number 816-691-2022																		
Address (Street/City/State/Zip Code) 2800 Clay Edwards Drive North Kansas City, MO 64116																				
<table border="0"><tr><td>Check one. Do you:</td><td>Relationship to Project:</td></tr><tr><td><input checked="" type="checkbox"/> Support</td><td><input type="checkbox"/> None</td></tr><tr><td><input type="checkbox"/> Oppose</td><td><input checked="" type="checkbox"/> Employee</td></tr><tr><td><input type="checkbox"/> Neutral</td><td><input type="checkbox"/> Legal Counsel</td></tr><tr><td></td><td><input type="checkbox"/> Consultant</td></tr><tr><td></td><td><input type="checkbox"/> Lobbyist</td></tr><tr><td></td><td><input type="checkbox"/> Other (explain):</td></tr><tr><td colspan="2"><hr/></td></tr><tr><td colspan="2"><hr/></td></tr></table>			Check one. Do you:	Relationship to Project:	<input checked="" type="checkbox"/> Support	<input type="checkbox"/> None	<input type="checkbox"/> Oppose	<input checked="" type="checkbox"/> Employee	<input type="checkbox"/> Neutral	<input type="checkbox"/> Legal Counsel		<input type="checkbox"/> Consultant		<input type="checkbox"/> Lobbyist		<input type="checkbox"/> Other (explain):	<hr/>		<hr/>	
Check one. Do you:	Relationship to Project:																			
<input checked="" type="checkbox"/> Support	<input type="checkbox"/> None																			
<input type="checkbox"/> Oppose	<input checked="" type="checkbox"/> Employee																			
<input type="checkbox"/> Neutral	<input type="checkbox"/> Legal Counsel																			
	<input type="checkbox"/> Consultant																			
	<input type="checkbox"/> Lobbyist																			
	<input type="checkbox"/> Other (explain):																			
<hr/>																				
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<p>I attest that to the best of my belief and knowledge the testimony and information presented by me is truthful, represents factual information, and is in compliance with §197.326.1 RSMo which says: <i>Any person who is paid either as part of his normal employment or as a lobbyist to support or oppose any project before the health facilities review committee shall register as a lobbyist pursuant to chapter 105 RSMo, and shall also register with the staff of the health facilities review committee for every project in which such person has an interest and indicate whether such person supports or opposes the named project. The registration shall also include the names and addresses of any person, firm, corporation or association that the person registering represents in relation to the named project. Any person violating the provisions of this subsection shall be subject to the penalties specified in §105.478, RSMo.</i></p>																				
Original Signature 		Date 12/22/09																		

**PROPOSED PROJECT BUDGET****Description****Dollars****COSTS:***

1. New Construction Costs ***	\$0
2. Renovation Costs ***	0
3. Subtotal Construction Costs (#1 plus #2)	\$0
4. Architectural/Engineering Fees	\$0
5. Other Equipment (not in construction contract)	0
6. Major Medical Equipment	998,000
7. Land Acquisition Costs ***	0
8. Consultants' Fees/Legal Fees ***	0
9. Interest During Construction (net of interest earned) ***	0
10. Other Costs **** VENDOR DISCOUNT	402,000
11. Subtotal Non-Construction Costs (sum of #4 through #10)	\$1,400,000
12. Total Project Development Costs (#3 plus #11)	\$1,400,000 **
FINANCING:	
13. Unrestricted Funds	\$998,000
14. Bonds	0
15. Loans	0
16. Other Methods (specify) VENDOR DISCOUNT	402,000
17. Total Project Financing (sum of #13 through #16)	\$1,400,000 **

18. New Construction Total Square Footage	0
19. New Construction Costs Per Square Foot *****	0
20. Renovated Space Total Square Footage	0
21. Renovated Space Costs Per Square Foot *****	0

* Attach additional page(s) to provide details of how each line item was determined, including all methods and assumptions used.

** These amounts should be the same.

*** Capitalizable items to be recognized as capital expenditures after project completion.

**** Include as Other Costs the following: other costs of financing; the value of existing lands, buildings and equipment not previously used for health care services, such as a renovated house converted to residential care, determined by original cost, fair market value, or appraised value; or the fair market value of any leased equipment or building, or the cost of beds to be purchased.

***** Divide new construction costs by total new construction square footage.

***** Divide renovation costs by total renovation square footage.



DIVIDER II

Proposal Description

Divider II. Proposal Description

1. Provide a complete detailed project description and include equipment bid quotes.

North Kansas City Hospital seeks a Certificate of Need to purchase a certified pre-owned daVinci "S model" robotic surgical system as an additional unit to the existing "Standard model" daVinci system currently in use. While the estimated fair market value of the system is approximately \$1.4 million, Intuitive Surgical offered North Kansas City Hospital the "S model" system for \$990,000 plus \$8,000 in shipping for a total of \$998,000.

The application was originally proposed as replacing the existing "standard" model with the new "S model". However, during negotiation of those terms, Intuitive Surgical restated their proposal to eliminate the trade in as an option while still requiring purchase of the equipment by the December 28, 2009, deadline in order to receive the discounted price.

According to Intuitive Surgical, failure to take advantage of their offer by the December 28, 2009, deadline will result in future purchase of that model at the list price estimated to be \$1.4 million due to the pre-owned condition.

The Hospital currently operates the first-generation robotic system that cannot be upgraded to accommodate more complex robotic surgeries. The Hospital seeks to

upgrade its surgical capabilities by purchasing the “S model” which is the second-generation system. A third-generation, the “Si model” already exists and is on the market; however, the surgeons using the robotic technology agree that the “Si model” is the most cost-efficient equipment to sufficiently meet their patients’ needs.

According to a copy of a form letter from the Vice President of Sales (USA, Australia, Latin America, South America) for Intuitive Surgical, Inc., “...we have discontinued further R&D investment in the standard *da Vinci* model. Our development initiatives...are focused on the *da Vinci S* and *Si* platforms.”

The existing “Standard model” was purchased in December 2005 without a Certificate of Need following discussion with the Certificate of Need Program staff. It was determined that a CON application would not be needed due to the equipment cost falling below the \$1 million threshold. Full application is necessary for the “S model” replacement because the fair market value of the equipment is greater than the established threshold.

North Kansas City Hospital, robotic surgery services are featured components of the Northland Women’s Center and Northland Cancer Center, two of the Hospital’s Centers of Excellence. In order to maintain the high-quality services in these service lines and because North Kansas City Hospital does more robotic surgery than any other hospital in Kansas City, it is important that the robotic

system be upgraded to take advantage of the newer technology and perform the more complex procedures that can be done with the “S model”.

The “Standard model” was the first robotic surgical system developed.

Technology for these systems has increased considerably in the past four years.

The technological changes offer greater benefits to the patients, the surgeons and the Hospital.

The daVinci “S model” has 3D HD technology over the “Standard model”. That means a difference in visualization similar to that of viewing an HD TV vs. a non-HD TV. The surgical area images are sharper and clearer. The surgeons have a 30% wider area of vision and two times the effective viewing resolution of the “Standard model” system. Among other advantages, surgeons have detail of tissue planes and critical anatomy that does not exist with the “Standard model”.

Other benefits of the “S model” technology include:

- “Standard model” technology requires that supplies such as drapes be individually ordered, stocked and inventoried. In addition, each package of instrumentation and supplies must be individually opened to prepare the OR for the procedure. The “S model” has one pack that is opened pre-surgery that contains everything needed for a single surgery. The current process is labor intensive and costly for staff to maintain supply and demand. The newer

model reduces the amount of staff time to setup a room which helps with efficiencies in room turnover.

- The “Standard model” is large and difficult to position in surgery suites and in storage. The “S model” is motorized and has streamlined instrumentation including slimmer “arms”. The “S” has a touch screen monitor located on the robotic tower within reach of the surgeon instead of on a separate cart operated by a surgical assistant. The robot’s size and the fact that the connections from the robot to the surgeon’s console have been consolidated from 4 to 1 means less storage space is required in the OR when the robot is not in use.
- The “S model” allows the robot to be docked at the side of the patient during surgery giving the surgical assistant greater movement. This is especially important in certain gynecological procedures where, currently, the robot must be positioned at the foot of the OR table restricting access for the OR nurse when assisting the surgeon with the procedure.
- For urological procedures, the “S model” allows an urologist to perform more complex cases, such as retroperitoneal approach procedures which they currently are trained for but cannot perform with the “Standard” robotic system. Using the “S” technology for these procedures means the surgeon operates without opening the abdominal cavity. Instead, instruments are moved between the skin and the peritoneal covering. The ability to do procedures without opening the abdominal cavity reduces the chance for

infection, reduces the amount of OR time for the procedure, and increases the patient's comfort and decreases the risk of infection during recovery.

The "S model" robotic system includes a tower that contains the three instrumentation arms, a camera arm and a touch screen monitor. In addition, the system contains a motorized patient cart and a surgeon console. The basic unit cost and an itemized listing of the various "S model" starter kits are shown at the end of Divider II.

Since Intuitive Surgical is the sole provider of robotic surgical systems, there is only one bid quote provided which can be found at the end of Divider II.

2. Provide a legible city or county map showing the exact location of the project.

Maps indicating the exact location of North Kansas City Hospital were obtained from the Missouri Department of Health and Human Services Bureau of Informatics and are included at the end of Divider II.

3. Define the community to be served.

The community served by the Hospital's robotics program includes the primary service area of Clay and Platte counties, zip codes within the 15-mile radius and metropolitan areas adjacent to the 15-mile radius both on the Missouri side and

Kansas side of the state line. In addition, because of the Hospital's northern location, the secondary service area is also served by the Hospital's robotics program. This area includes the counties of: Andrew, Atchison, Buchanan, Caldwell, Carroll, Clinton, Daviess, DeKalb, Gentry, Grundy, Harrison, Holt, Livingston, Mercer, Nodaway, Ray and Worth.

4. **Provide 2015 population projections for the proposed geographic service area.**

Population projections for the year 2015 were obtained from the Missouri Department of Health and Human Services Bureau of Informatics. Data are included at the end of Divider II. Projections are included for the Hospital's primary service area of Clay and Platte counties as well as for the secondary service area (see counties above) and for Jackson County, part of which is a targeted market for North Kansas City Hospital. Also included, are population projections for zip codes within a 15-mile radius of the Hospital as indicated in the Certificate of Need rulebook.

5. **Provide other statistics to document the size and validity of any user-defined geographic service area.**

See above.

6. **Identify specific community problems or unmet needs the proposal would address.**

See response to question 9.

7. **Provide historical utilization for each of the past three years and utilization projections through the first three years of operation of the new equipment.**

See the utilization information on the Service-Specific Revenues and Expenses for North Kansas City Hospital's fiscal years 2007 through 2009 and projected for fiscal years 2010 through 2012.

8. **Provide the methods and assumptions used to project utilization.**

The following are estimates of projected utilization for the total robotics program when an additional robotic surgical system is added:

Volume projections for DaVinci Robot S Model

- Projected calendar year 2009 volume based on actual trended volume at 263 procedures
- For subsequent three forecast years, 2010 through 2012, annual increases of 20%, 15%, and 10% respectively.
 - First year increase based on scheduling initiatives to increase availability and heightened interest by surgeons to use new technology.
 - Smaller increases in subsequent years reflecting diminishing scheduling opportunities.

- Increased focus on Women's service line yields equal mix of volume with Urology by 2012

"S model"

	Calendar Year					
	2007	2008	2009	2010	2011	2012
Obstetric	0	88	108	130	160	200
Urology	129	148	155	186	203	199
Cases	129	236	263	316	363	399
% Change		83%	11%	20%	15%	10%
Obstetric	0%	37%	41%	41%	44%	50%
Urology	100%	63%	59%	59%	56%	50%
	100%	100%	100%	100%	100%	100%

Volume projections for existing DaVinci Robot

- Urologists indicate more cases can be brought to NKCH with more capacity
- Assumption of an additional 3, 4, and 5 cases per week for years 2010 through 2012

	Calendar Year					
	2007	2008	2009	2010	2011	2012
Added cases						
Urology				156	208	260

Overall volume projections for existing DaVinci and new Model S DaVinci Robot

	Calendar Year					
	2007	2008	2009	2010	2011	2012
Obstetric	0	88	108	130	160	200
Urology	129	148	155	342	411	459
Cases	129	236	263	472	571	659
% Change		83%	11%	79%	21%	15%

9. Document that consumer needs and preferences have been included in planning this project and describe how consumers had an opportunity to provide input.

One of the primary reasons for having a robotics program at all is certainly not a financial one as indicated in the Service Specific Revenues and Expenses. A primary reason is, however, that it's the right thing to do for the patients and the community. Robotic surgery, where indicated, means:

- Patients return to normal function in 1/4th the time of open procedures;
- Shorter hospital stays;
- A more comfortable, shorter recovery;
- Less blood loss;
- Less adhesion formation;
- A reduced risk of possible infections;
- More complex cases can be done now with the same patient benefits as more routine robotic procedure;
- Reduced surgical trauma.

Articles that illustrate many of the robotic surgery success stories as told in the words of North Kansas City Hospital patients are included at the end of Divider II.

As with any of the Hospital's services, consumers have an opportunity to provide

input through the Press Ganey patient satisfaction survey which is reviewed monthly by the Hospital's leadership team and evaluated and measured as a way to improve customer service.

10. Provide copies of any petitions, letters of support or opposition received.

No petitions, letters of support or opposition have been received



Date: November 6, 2009

Quote Number:	ISI1162009JP1
Expiration Date:	December 30, 2009

North Kansas City Hospital
North Kansas City, MO

Intuitive Surgical is pleased to provide you with the following Pricing Proposal:

Product	Quantity	Price
da Vinci Refurbish S 4 Arm HD	1	\$990,000
Accessories Starter Kit:		Included
8mm Cannula Instrument Qty 3		
8mm Latching Obturator, Blunt		
8mm Bladeless Obturators Qty 24		
Camera Drape Qty 20		
Camera Arm Drape Qty 20		
Instrument Arm Drape Qty 60		
Vision Cart Monitor Drape Qty 20		
Cannula Seal Qty 10		
Blade Protector		
Cannula Gage Pin		
Emergency Grip Release Wrench		
Spare Illuminator Lamp Module		
Fiber-Optic Cable Cleaning kit		
Camera Starter Kit:		Included
0° Endoscope		
30° Endoscope		
12 mm Endoscope Alignment Target		
3DHD Panasonic Camera Head and Cable Assembly		
Camera Head Sterile Adaptor		
Camera Arm Sterile Adaptor		
Bifurcated Light Guide Cable		
Training Instruments Starter Kit:		Included
Large Needle Driver		
ProGrasp™ Forceps		
Maryland Bipolar Forceps		
8mm Curved Scissors		
Tenaculum Forceps		
Suture Cut Needle Driver		

All starter kits are subject to change without notice

Total System Price **\$990,000**

does not include tax

Estimated Freight **\$8,000.00**

Annual Service Contract	Years	
da Vinci S 4 Arm System with HD Vision	5	\$145,000
<i>Price is based on the trade-in of Standard System</i>		
Service and Maintenance annual fee for years 1-5		
Total Service Contract		\$725,000
Estimated Instruments and Accessories Stocking Order		\$200,000

Clinical Sales Director David Castiglioni

Phone 636-236-5823

E-mail david.castiglioni@intusurg.com

Fax 408-523-2377

Please Fax Purchase Order to

Purchase Terms:

A signed Sales and Service Agreement is required prior to the system shipment

All site modifications and preparation are the customer's responsibility and are to be completed to the specification given by Intuitive Surgical prior to the installation date

Payment Terms:

Net 30 days from acceptance, subject to credit approval

Delivery:

Delivery charges will be billed separately

Price Policy:

Pricing subject to change without notice, and excludes tax

Installation:

The purchase price of the da Vinci® Surgical System includes the initial installation of the system

Upgrades:

Hardware and System enhancements required to support new features can be purchased at Intuitive Surgical's then current list price

EXHIBIT B

PRICING TERMS

Pricing

System Price	\$990,000 U.S.
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Shipping Charges

Delivery to Customer's designated location	\$8,000 U.S.
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Annual Services fee

First Year	\$165,000 U.S. per year
Subsequent Years 2-5	\$165,000 U.S. per year

North Kansas City Hospital

Vendor: Intuitive Surgical
Technology: Surgical Robotics
Model: da Vinci S Surgical System with HD

Requested By: Gary Shieh

Quote Number: NKCH-102109
Quote Date: 10/28/2009
Tracking #: 1032489

October 28, 2009

The Bottom Line _____ 2

Surgical Robotics _____ 3

Model: da Vinci S Surgical System with HD _____ 3

Components _____ 5

The Bottom Line

Equipment	List Price	Purchase Price	Overall Discount	Recommend	Identified Savings
Surgical Robotics	\$1,650,000.00	\$1,290,000.00	21.82%	24.24%	\$39,960.00

Your hospital has been quoted the payment term of net 30 days upon receipt of invoice. I recommend Net 30 days from acceptance. I have included acceptance verbiage at the end of this analysis that may be tailored to suit your hospital's needs.

The Annual Service Fee (\$145,000) and Shipping (\$8,000) are excluded. These quoted costs are commonly seen. We generally see the Annual Service fee quoted at \$149,000, so your \$145,000 is competitive. See the Comments column in the General Market Comparison Detail below for more information.

The value of Certified Pre Owned equipment varies based upon the age and condition of the system being sold. Your discount (as well as the other deals) is calculated using the list price of a brand new system. The best discount seen is 24.24%. We saw a refurbished da Vinci S discounted 15.15%.

Your overall quote discount, including trade-in credit is 40%. For the purposes of this analysis, I have factored out the known trade-in value of \$300,000 in order to facilitate a comparison to other discounting seen that did not include trade-in equipment. It's always best to negotiate your best base discount before factoring in trade-in equipment credits. Your base discount before trade-in for this equipment is 21.82%.

Surgical Robotics

Model: da Vinci S Surgical System with HD

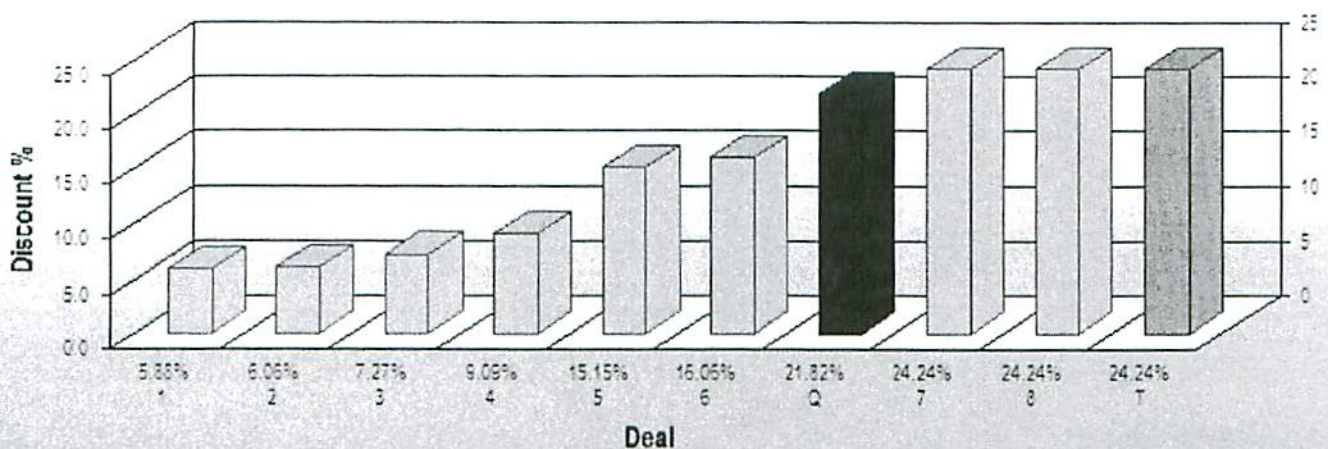
Purchase

General	Quoted	MDB Recommended
Discount %	21.82%	24.24%
List Price	\$1,650,000.00	\$1,650,000.00
Purchase Price	\$1,290,000.00	\$1,250,040.00

Trade In Information	
Credit	\$300,000.00
Discount With Trade-In	40.00%
Purchase Price with Trade In	\$990,000.00

Terms	Quoted	MDB Recommended
Freight	FOB Destination; invoiced upon delivery	FOB Destination; invoiced upon delivery
Terms	Net 30 days from date of invoice	Net 30 days from acceptance
Warranty	12	12

General Market Comparison Chart



The above graph represents the previous discounts or deals that are comparable to your quotation. There is also graphical representation of your current quoted deal (Q), and of MDB's recommended target discount (T) based on our

database. If viewed/printed in color, quoted and target deals are shown in red and blue-green, respectively. The graph may show additional higher discounts that might be achievable under certain circumstances as explained in Bottom Line Comments. Below is a detailed explanation of each deal represented in the graphical analysis.

General Market Comparison Detail

Deal	List Price	Disc %	Quoted Price	Date	Model	Comments
1	\$1,530,000.00	5.88%	\$1,440,000.00	12/1/2008	daVinci S Surgical System w/o HD	Payment terms are 100% upon acceptance. This quote includes 1 model(s). There is no stated reason for this discount. Training (\$3,000). Service quoted at \$135,000.00/year. Delivery \$8,000.00.
2	\$1,650,000.00	6.06%	\$1,550,000.00	11/13/2008	da Vinci S Surgical System with HD	Payment terms are 100% upon acceptance. This quote includes 1 model(s). There is no stated reason for this discount. \$30,000 rebate offered after system accepted and paid for. Service quoted at \$149,000.00/year.
3	\$1,650,000.00	7.27%	\$1,530,000.00	11/19/2008	da Vinci S Surgical System with HD	Payment terms are 100% upon acceptance. This quote includes 1 model(s). Service contract quoted at \$139,000.00/year. This is the 2nd DaVinci for this facility and are purchasing upgrades to HD.
4	\$1,650,000.00	9.09%	\$1,500,000.00	12/11/2008	da Vinci S Surgical System with HD	Payment terms are 100% upon acceptance. This quote includes 1 model(s). There is no stated reason for this discount. Training (\$3,000). Service \$149,000.00/year and delivery charges at \$10,000.00.
5	\$1,650,000.00	15.15%	\$1,400,000.00	8/11/2009	da Vinci S Surgical System with HD	Payment terms are Net 30 days from acceptance. This quote includes 1 model(s). The following items have been refurbished: (1) da Vinci S. Service (\$149,000) and estimated Instruments and Accessories stocking order (\$200,000) excluded.
6	\$1,650,000.00	16.06%	\$1,385,000.00	11/3/2008	da Vinci S Surgical System with HD	Payment terms are 100% upon acceptance. This quote includes 1 model(s). The following components are included: Service \$149,000.00/year. There is no stated reason for this discount.

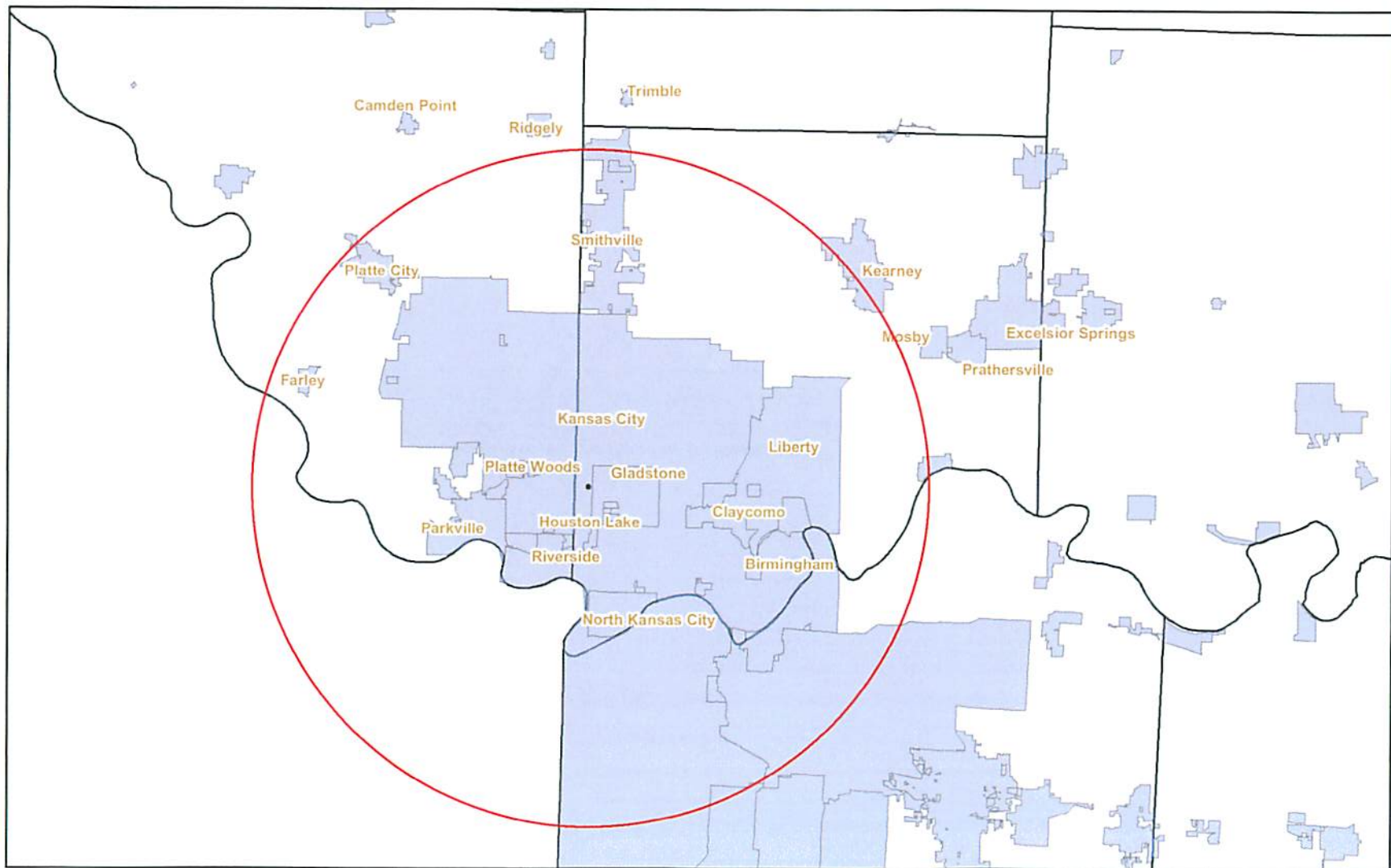
Deal	List Price	Disc %	Quoted Price	Date	Model	Comments
7	\$1,650,000.00	24.24%	\$1,250,000.00	7/28/2009	da Vinci S Surgical System with HD	Payment terms are Net 30 days from date of invoice. This quote includes 1 model(s). This is a used unit. Annual Service (\$149,000/yr) and Estimated Instruments and Accessories Stocking Order (\$174,450) are excluded.
8	\$1,650,000.00	24.24%	\$1,250,000.00	6/19/2009	da Vinci S Surgical System with HD	Payment terms are Net 30 days from date of invoice. This quote includes 1 model(s). This is a used unit. There is no stated reason for this discount. Annual Service Fee (\$149,000) and Shipping (\$10,000) excluded.

Components

Quantity	Description
1	da Vinci S Surgical System with HD

CON 15 Mile Radius (City Map)

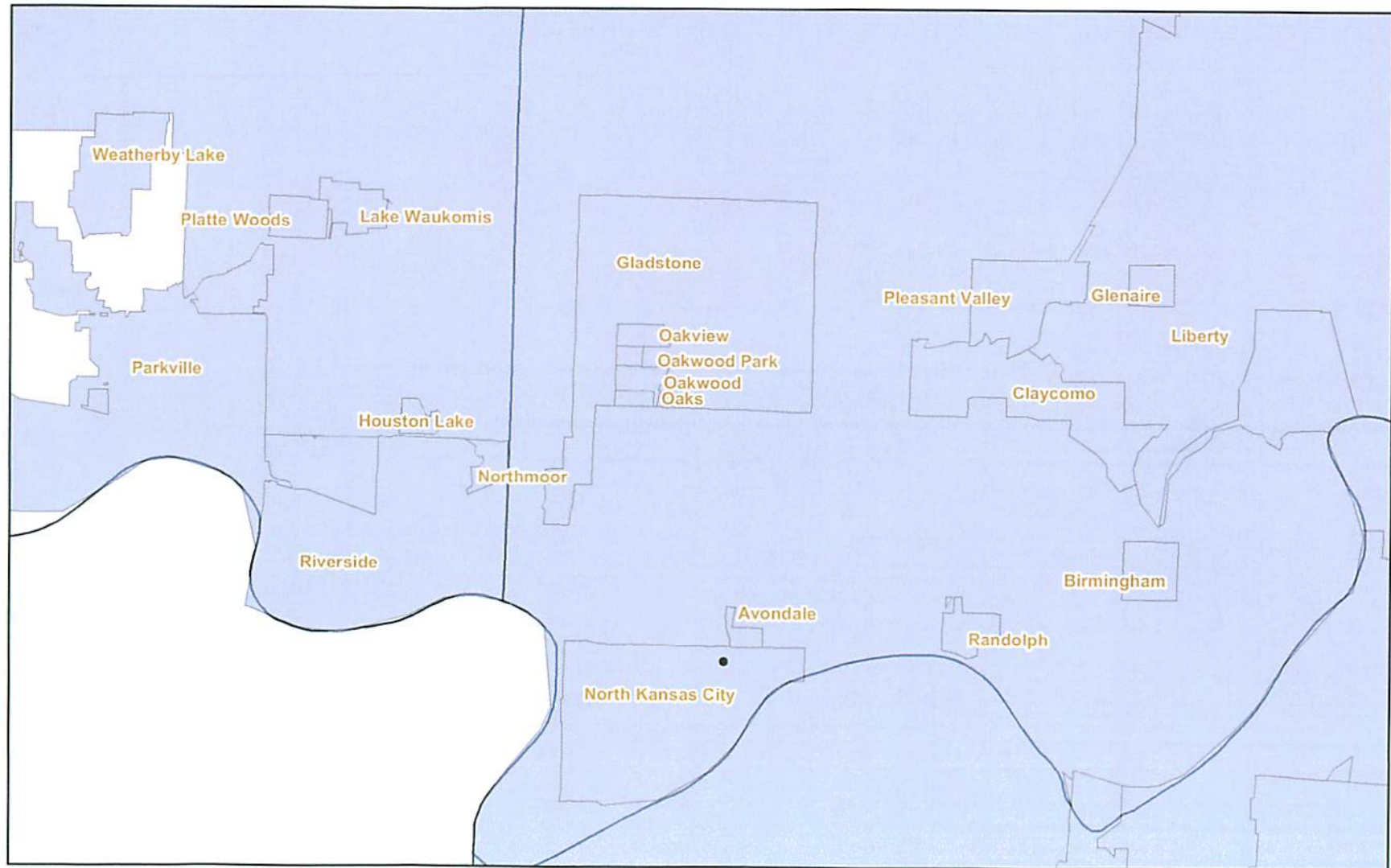
North Kansas City Hospital
2800 Clay Edwards Drive
Kansas City, Mo 64116



26

CON 15 Mile Radius (City Inset Map)

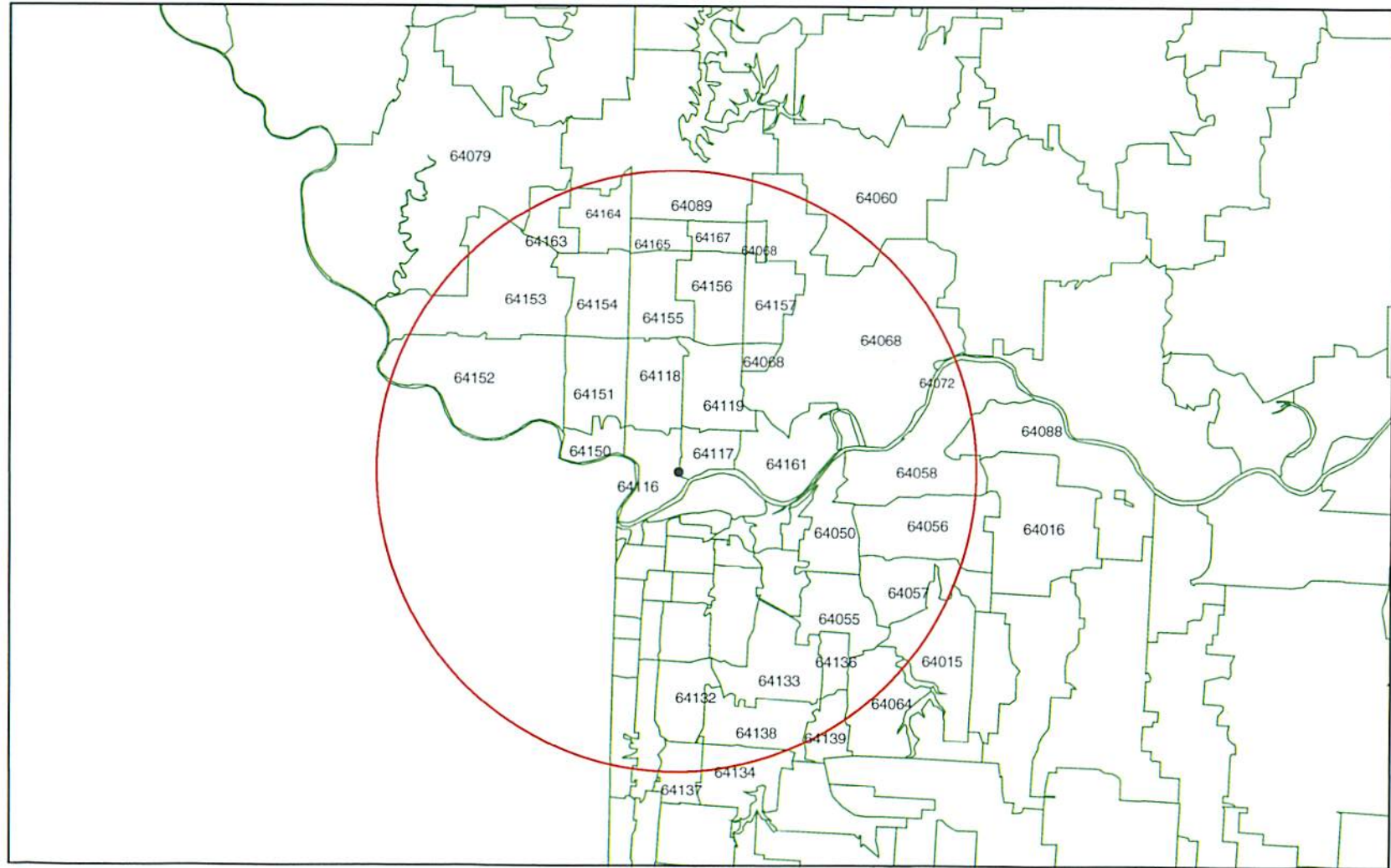
North Kansas City Hospital
2800 Clay Edwards Drive
Kansas City, MO 64116



27

CON 15 Mile Radius

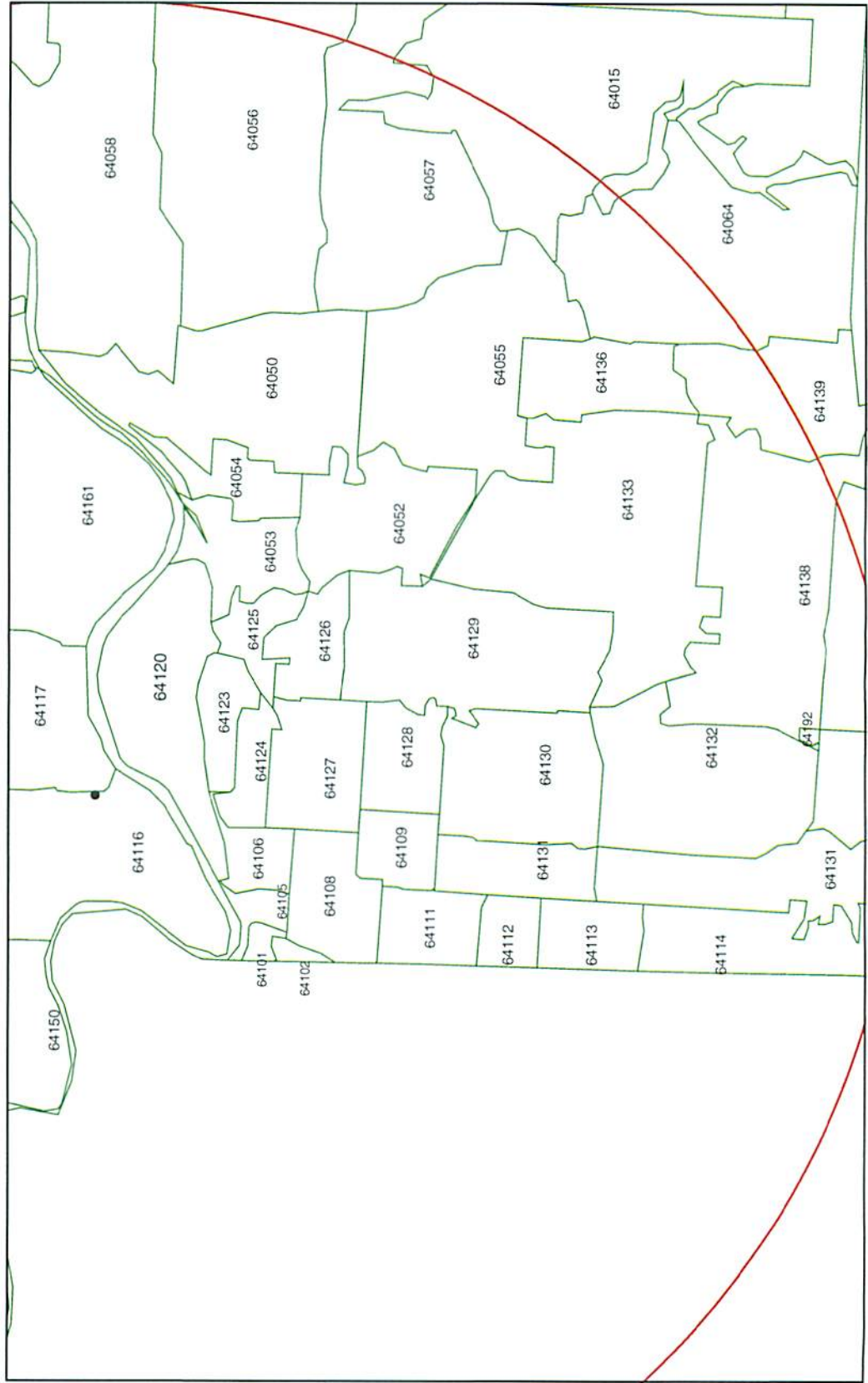
North Kansas City Hospital
2800 Clay Edwards Drive
N Kansas City, MO 64116



28

CON 15 Mile Radius (Inset Map)

North Kansas City Hospital
2800 Clay Edwards Drive
N Kansas City, MO 64116



North Kansas City Hospital
2800 Clay Edwards Drive
North Kansas City, MO 64116

2015 Population Projections

ID	ZIP Code	County	Total Population	Pop. 65 & Over
64060	64060 Kearney	47	11,199	1,134
64068	64068 Glenaire	47	625	97
64068	64068 Liberty	47	34,430	4,159
64068	64068 Missouri City	47	343	37
64068	64068 Mosby	47	262	21
64068	64068 Pleasant Valley	47	3,766	495
64072	64072 Missouri City	47	See Above	See Above
64089	64089 Smithville	47	10,280	3,093
64116	64116 Gladstone	47	29,453	5,181
64116	64116 North Kansas City		6,511	1,032
64117	64117 Avondale	47	547	81
64118	64118 Gladstone	47	See Above	See Above
64118	64118 Oaks		141	27
64118	64118 Oakview		408	84
64118	64118 Oakwood		207	54
64118	64118 Oakwood Park		175	43
64119	64119 Claycomo	47	1,260	232
64119	64119 Gladstone		See Above	See Above
64161	64161 Birmingham	47	225	20
64161	64161 Randolph		50	10
64079	64079 Farley	165	276	41
64079	64079 Platte City		5,578	787
64079	64079 Tracy		191	30
64150	64150 Northmoor	165	390	70
64150	64150 Riverside		2,984	480
64151	64151 Houston Lake	165	244	39
64151	64151 Lake Waukomis		866	202
64151	64151 Northmoor		See Above	See Above
64151	64151 Parkville		6,371	644
64151	64151 Platte Woods		452	110
64151	64151 Riverside		See Above	See Above
64152	64152 Parkville	165	See Above	See Above
64152	64152 Weatherby Lake		1,907	264
64163	64163 Ferrelview	165	583	57
Total Population			119,724	18,524

North Kansas City Hospital
2800 Clay Edwards Drive
North Kansas City, MO 64116

2015 Population Projections

ID	ZIP Code	County	Total Population	Pop. 65 & Over
64060	64060	47	15,712	1,484
64068	64068	47	44,432	5,540
64072	64072	47	112	12
64089	64089	47	12,915	1,669
64116	64116	47	19,516	3,171
64117	64117	47	14,251	1,975
64118	64118	47	46,855	7,042
64119	64119	47	30,815	4,573
64155	64155	47	24,941	1,812
64156	64156	47	1,313	152
64157	64157	47	6,431	125
64158	64158	47	5,232	57
64161	64161	47	436	55
64165	64165	47	71	19
64166	64166	47	331	43
64167	64167	47	730	44
64015	64015	95	33,360	2,899
64050	64050	95	22,317	3,856
64052	64052	95	19,603	3,808
64053	64053	95	5,477	723
64054	64054	95	3,963	592
64055	64055	95	34,242	6,543
64056	64056	95	15,559	1,470
64057	64057	95	13,409	1,931
64058	64058	95	6,084	513
64064	64064	95	15,557	1,353
64088	64088	95	1,469	185
64101	64101	95	335	1
64102	64102	95		
64105	64105	95	3,697	398
64106	64106	95	4,971	513
64108	64108	95	6,366	662
64109	64109	95	10,769	1,304
64110	64110	95	15,515	1,190
64111	64111	95	15,607	1,773
64112	64112	95	8,165	1,153
64113	64113	95	11,090	1,426
64114	64114	95	23,045	5,870
64120	64120	95	283	54
64123	64123	95	11,858	1,559
64124	64124	95	14,482	1,354
64125	64125	95	2,411	247
64126	64126	95	6,655	729
64127	64127	95	19,668	2,322
64128	64128	95	11,457	1,933
64129	64129	95	8,862	876
64130	64130	95	22,033	3,521

North Kansas City Hospital
 2800 Clay Edwards Drive
 North Kansas City, MO 64116

2015 Population Projections

64131	64131	95	22,153	3,088
64132	64132	95	14,441	1,332
64133	64133	95	34,103	6,820
64134	64134	95	23,336	2,374
64136	64136	95	1,280	164
64137	64137	95	9,235	1,380
64138	64138	95	24,471	3,852
64139	64139	95	1,653	363
64192	64192	95	21	-
64079	64079	165	11,265	1,456
64150	64150	165	3,103	576
64151	64151	165	29,517	4,150
64152	64152	165	29,989	2,926
64153	64153	165	6,049	352
64154	64154	165	6,279	1,190
64163	64163	165	862	94
64164	64164	165	280	43
Total Population			810,439	108,691

2015 Population Projections		
County	Total	65+
Andrew	17,747	2,675
Atchison	5,715	1,176
Buchanan	88,757	13,682
Caldwell	9,656	1,573
Carroll	9,489	1,962
Clay	241,150	30,177
Clinton	23,459	3,813
Daviess	7,891	1,450
DeKalb	12,462	1,795
Gentry	5,637	1,170
Grundy	9,983	2,233
Harrison	9,105	1,931
Holt	4,591	1,089
Jackson	678,274	89,421
Livingston	14,124	2,741
Mercer	3,290	547
Nodaway	22,383	3,222
Platte	95,966	12,303
Ray	23,787	3,499
Worth	1,975	397

Overview of 15-Mile Radius

Zip Code	County Name	% of Zip Code in 15-mile Radius	Total Population	Total Population in 15-mile Radius	Population 65 & Over
64060	Clay	20%	15,712	3,142	1,484
64068	Clay	90%	44,432	39,444	5,540
64072	Clay	100%	112	112	12
64089	Clay	30%	12,915	3,875	1,669
64116	Clay	100%	19,516	19,516	3,171
64117	Clay	100%	14,251	14,251	1,975
64118	Clay	100%	46,855	46,855	7,042
64119	Clay	100%	30,815	30,815	4,573
64155	Clay	100%	24,941	24,941	1,812
64156	Clay	100%	1,313	1,313	152
64157	Clay	100%	6,431	6,431	125
64158	Clay	100%	5,232	5,232	57
64161	Clay	100%	436	436	55
64165	Clay	100%	71	71	19
64166	Clay	100%	331	331	43
64167	Clay	100%	730	730	44
64015	Jackson	30%	33,360	10,008	2,899
64050	Jackson	100%	22,317	22,317	3,856
64052	Jackson	100%	19,603	19,603	3,808

Overview of 15-Mile Radius Continued

Zip Code	County Name	% of Zip Code in 15-mile Radius	Total Population	Total Population in 15-mile Radius	Population 65 & Over
64053	Jackson	100%	5,477	5,477	723
64054	Jackson	100%	3,963	3,963	592
64055	Jackson	100%	34,242	34,242	6,543
64056	Jackson	90%	15,559	14,003	1,470
64057	Jackson	80%	13,409	10,727	1,931
64058	Jackson	80%	6,084	4,867	513
64064	Jackson	40%	15,557	6,223	1,353
64088	Jackson	10%	1,469	147	185
64101	Jackson	100%	335	335	1
64102	Jackson	No Data from Bureau of Infomatics			
64105	Jackson	100%	3,697	3,697	398
64106	Jackson	100%	4,971	4,971	513
64108	Jackson	100%	6,366	6,366	662
64109	Jackson	100%	10,769	10,769	1,304
64110	Jackson	100%	15,515	15,515	1,190
64111	Jackson	100%	15,607	15,607	1,773
64112	Jackson	100%	8,165	8,165	1,153
64113	Jackson	100%	11,090	11,090	1,426
64114	Jackson	90%	23,045	20,740	5,870

Overview of 15-Mile Radius Continued

Zip Code	County Name	% of Zip Code in 15-mile Radius	Total Population	Total Population in 15-mile Radius	Population 65 & Over
64120	Jackson	100%	283	283	54
64123	Jackson	100%	11,858	11,858	1,559
64124	Jackson	100%	14,482	14,482	1,354
64125	Jackson	100%	2,411	2,411	247
64126	Jackson	100%	6,655	6,655	729
64127	Jackson	100%	19,668	19,668	2,322
64128	Jackson	100%	11,457	11,457	1,933
64129	Jackson	100%	8,862	8,862	876
64130	Jackson	100%	22,033	22,033	3,521
64131	Jackson	100%	22,153	22,153	3,088
64132	Jackson	100%	14,441	14,441	1,332
64133	Jackson	100%	34,103	34,103	6,820
64134	Jackson	30%	23,336	7,001	2,374
64136	Jackson	100%	1,280	1,280	164
64137	Jackson	50%	9,235	4,618	1,380
64138	Jackson	90%	24,471	22,024	3,852
64139	Jackson	50%	1,653	827	363
64192	Jackson	100%	21	21	No Data from Bureau of Informat

Overview of 15-Mile Radius Continued

Zip Code	County Name	% of Zip Code in 15-mile Radius	Total Population	Total Population in 15-mile Radius	Population 65 & Over
64079	Platte	10%	11,265	1,127	1,456
64150	Platte	100%	3,103	3,103	576
64151	Platte	100%	29,517	29,517	4,150
64152	Platte	90%	29,989	26,990	2,926
64153	Platte	90%	6,059	5,453	352
64154	Platte	100%	6,279	6,279	1,190
64163	Platte	90%	862	776	94
64164	Platte	100%	280	280	43
Total Population			810,449	704,029	108,691

A Helping Hand From a Robot

Walt Huerter never dreamed he would thank a robot following his successful surgery for prostate cancer. Well, okay, he also thanked urologists Gerald Park, MD, who was at the controls guiding the robot, and Thomas Herrick, MD, who assisted.

In Spring 2006, North Kansas City Hospital purchased a surgical robot widely known as the da Vinci® Surgical System. The Hospital is one of more than 400 in the world using this robotic technology.

Robotic surgery is set to change how some surgeons perform surgery. At North Kansas City Hospital, urologists use the robotic system for prostatectomy (surgery on the prostate), pyeloplasty (surgery on the kidney) and future uses include some heart valve repairs and hysterectomies, among other procedures.

Walt highly recommends the robot, affectionately named Dora by the surgery staff. Robotic surgery was one option discussed with him following results of an elevated PSA (blood) test and an abnormal prostate biopsy that detected prostate cancer.

When Walt compared the robot with traditional surgery, radiation, hormone therapy or no treatment, he opted for the robot. "I liked the idea I would only have four small holes about the size of a pencil puncture instead of the larger incision with the traditional surgery," says Walt.

Dr. Park believes robotic surgery brings advantages for patients who choose prostatectomy. "Robotic surgery allows us to make smaller incisions, which reduces pain for the patient and also means there is

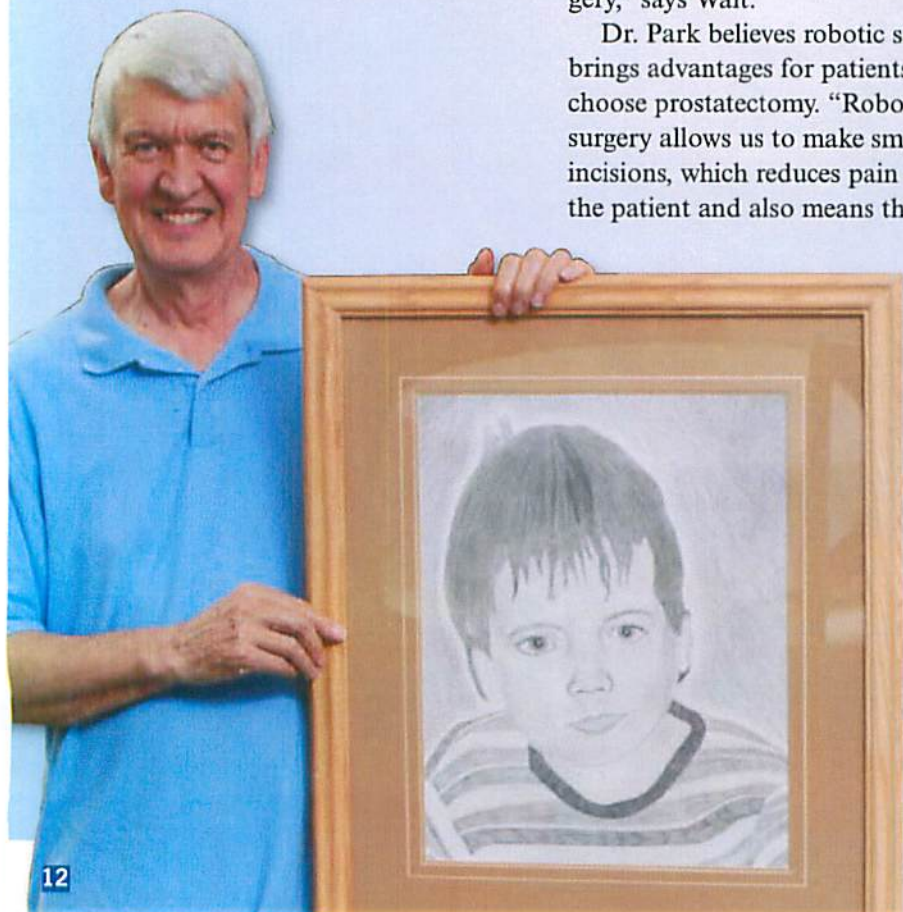
less chance of infection and less blood loss," says Dr. Park, with Kansas City Urology Care. "Additionally, there is less risk of impotence from the robotic surgery because of the robot's precise movements."

While it may sound like science fiction, the "robot" does not resemble anything from "Star Wars" and is not programmed to make decisions on its own. The Department of Defense developed the robotic technology, which has continued to gain widespread acceptance in hospitals over the last several years.

The surgical arms hold the camera and tools while the surgeon is seated about 8 feet away at a console. The viewfinder in the console permits a 3-D video image with 10 times magnification, as if the surgeon actually had his/her hands on the patient. With hand controls and foot pedals, the surgeon manipulates every maneuver of the surgical arms.

The preciseness of the instruments and the excellent viewing system enhance the surgeon's capabilities to work in small, hard-to-reach places and allow for much smaller incisions than conventional surgery. ■

Robotic surgery for prostate cancer helped Walt Huerter recover more quickly and return to his hobbies, like this pencil drawing he did of his now 7-year-old grandson, Nicholas, completed before his diagnosis of prostate cancer.



Less Time in the Hospital Thanks to Robotic Surgery



A NEW MISSION AND VISION FOR THE HOSPITAL

Anniversaries often trigger a time of reflection, and that's what happened as we approached North Kansas City Hospital's 50th anniversary in March 2008. In the preceding months, we decided to revisit the Hospital's mission, vision and values statements. Were they still an accurate reflection of our Hospital? Most people agreed the answer was no.

Thanks to the efforts of the Medical Staff, Board of Trustees and employees, new statements were written.

Mission: We provide hope and healing to every life we touch.

Vision: Together, we will become legendary for our commitment to remarkable patient care.

Values: Compassion, teamwork, respect, accountability, quality and community

We believe our new mission, vision and values better reflect the commitment of North Kansas City Hospital to our patients as we move toward the next 50 years.

DAVID CARPENTER
North Kansas City Hospital
President and CEO

A Mickey Mouse hat brought a smile to the face of Ron Jensen and his two visitors following a hospital stay to remove part of his kidney. Thanks to robotic surgery Ron was only hospitalized for three days instead of two weeks with traditional kidney surgery.



Self-described "techno nerd" Ron Jensen doesn't own a computer, and he would rather listen to an 8-track tape than a CD. But at age 64, Ron got up close and personal with new technology when Dora, the robot, helped save his life.

Ron's diagnosis of diabetes in 2007 prompted his physician, Marla Keeton, MD, to check his liver, an organ that can be affected by diabetes. Tests revealed a suspicious spot on his left kidney. He remembers Urologist Gerald Park, MD, suggesting the spot likely was cancer but a biopsy would confirm his suspicion. In consultation with Dr. Park, Ron decided to skip the biopsy and chose surgery to remove the area. "I need to be here for my wife, so I felt it was best to take care of the problem and not worry about it in the future," remembers Ron.

Today's technology gave Ron and his wife, Brenda, a surgery option not available even 10 years ago. Ron's age, overall good health and early-stage cancer made him a good candidate for robotic surgery. After his surgery in February at North Kansas City Hospital, Ron was home after only

three days, missed just 13 days of work and his incisions were the size of a ballpoint pen.

"I've never had surgery, but if surgery is like this, then sign me up again," laughs the Edgerton resident.

Compare his experience with someone who undergoes traditional kidney surgery and the difference is a 6-inch incision, a more uncomfortable recovery, a hospitalization of up to two weeks and up to four months off work.

Linda Rittermeyer, team leader for the Hospital's robotics program, explains that robotics allows the surgeon to be more precise as he or she manipulates the instruments from a distance at a console. Patient benefits include a quicker procedure, less pain and blood loss, reduced risk of infection and minimal scarring.

Two years ago robotic surgery began at the Hospital as a surgical option to treat prostate cancer. Now, robotic surgery even provides an alternative to a traditional hysterectomy. Hear more about this latest advancement in the next *Your Health*. ■

To find out more about robotic surgery, contact North Kansas City Hospital at 816-691-1680 for a free brochure.

Surgeon and Robot Change the Life of Kathy Wolf

Bill Clinton led the country and gas averaged \$1.30 a gallon the last time Kathy Wolf went swimming in a bathing suit. The year was 1996, and it was also when she last remembers getting a full night's sleep. Kathy describes feeling exhausted and weak during the past 12 years, and she says, "I wasn't the happiest person to be around." Her 12-year-old son, Joe, nods in agreement.

What impacted Kathy's life so severely was an unusually heavy menstrual cycle that occurred twice monthly for about 20 days total. During the other days, Kathy often experienced nausea and vomiting.

Kathy's quality of life suffered as her condition limited her activities, caused anemia, impacted her appetite and required that she carry hygienic supplies whenever she left home.

At only age 44, Kathy wanted more from life and sought help from Gynecologist George Saleh, DO, with Creekwood Women's Care. He recommended a hysterectomy and, in particular, the newer robotic hysterectomy. "I trusted Dr. Saleh with all my heart, and I knew this was for me," remembers Kathy.

Dr. Saleh completed Kathy's surgery in December 2007. During the procedure, the robot's arms held the camera and surgical tools while Dr. Saleh sat at a console about 8 feet away from the robot. Trained medical personnel were at Kathy's side taking care of her during the robotic proce-



Kathy Wolf and son, Joe, spend less time at home and more time at the ballpark thanks to robotic surgery, which improved Kathy's quality of life.

cedure. The viewfinder in the console permitted a 3-D video image of the surgery with 10 times magnification, as if Dr. Saleh was right next to Kathy. With hand controls and foot pedals, he manipulated every maneuver of the robot's surgical arms to perform the hysterectomy.

The preciseness of the robot's instruments and the excellent viewing capabilities enhanced his ability to work in small, confined areas of the abdomen, and allowed for much smaller incisions than conventional surgery.

From Kathy's perspective, robotic surgery allowed her a quicker recovery, with little or no discomfort, than a traditional hysterectomy. She went home the day after surgery instead of the usual two-day hospitalization. Only four holes (the size of a pencil point) remained after her surgery, instead of a 6- to 12-inch incision.

In a week, she returned to light-duty work, skipping the typical six-week recuperation. "I recommend robotic surgery to anyone who doesn't have time to be down very long," says Kathy. ■

To learn more about robotic surgery, ask your physician or contact North Kansas City Hospital at 816-691-1680 for a free brochure.

Procedures Done Using Robotic Surgery at North Kansas City Hospital:

- **Hysterectomy:**
Partial or Total
Uterus is removed and/or cervix, ovaries and fallopian tubes.
- **Myomectomy**
Removal of noncancerous fibroid tumors in the uterus.
- **Nephrectomy: Partial or Radical**
Partial or entire removal of the kidney.
- **Prostatectomy**
Removal of the prostate.
- **Pyeloplasty**
Clears obstruction from a portion of the kidney to the bladder.



Thanks to robotic surgery Kerra Tener (right) can enjoy swimming again with her sister, Korri, at Grand Lake in Oklahoma.

New Life for Area Student

Kerra Tener's senior year at Park Hill South became more than planning for college and the prom. For Kerra and her family, they received an education about a rare tumor and how a robot and a surgeon helped give Kerra back her life.

As a high school junior, Kerra experienced sudden excruciating stomach and back pain followed by blood in her urine. Diagnostic tests followed and it was determined a urinary tract infection most likely was to blame. Kerra recalls medication eliminated her symptoms and she enjoyed her junior year.

Her life took an unexpected turn the next year when she experienced the same symptoms. This time she was referred to Justin Albani, MD, a urologist, who conducted diagnostic tests. Kerra recalls waking up from one of those tests and hearing her mom explain that Kerra had a large tumor in her ureter (the tube that carries urine from the kidney to the bladder). "I was shocked because I never thought it would be a tumor," remembers Kerra, who was just 18 years old.

"A tumor in the ureter is very unusual, especially in a young, healthy woman like Kerra," explains Dr. Albani, with Urology Specialists. "Because of its rarity, sometimes this condition is misdiagnosed as a kidney stone or urinary tract infection."

Luckily for Kerra a newer surgical procedure, where a da Vinci® robot assists the surgeon, became a viable treatment option. This type of minimally invasive surgery incorporates instruments that offer the same precision and dexterity as the human hand and a three-dimensional and magnified view for the surgeon. Kerra's recovery involved only three keyhole-sized incisions and an overnight stay in the hospital instead of a larger incision and a more prolonged recovery.

Robotic surgery means less pain and blood loss, less scarring, reduced risk of infection and a faster return to daily activities. It's now used for a variety of urological procedures as well as gynecological procedures such as hysterectomies.

For Kerra, she's grateful that her tumor wasn't cancerous and thanks to the surgery, she is symptom-free and doing the things she loves like swimming, exercising and beginning her sophomore year at Pittsburg State University.

Learn more about robotic surgery through a free brochure. Call 816-691-3023 or e-mail kim.shopper@nkch.org.

More patients are enjoying the benefits of robotic surgery at North Kansas City Hospital. The Hospital ranked first in Kansas City for the most procedures performed last year.

New Look for Women's Imaging

A new area now greets women who need breast care or imaging services. The area is called Women's Imaging at North Kansas City Hospital's Northland Women's Center. Warm colors and modern furnishings help women feel comfortable with a nonclinical-like setting. A dedicated reception and waiting area also is part of the facility located on the first floor of Health Services Pavilion.

"We hope women feel at ease when they come for their healthcare services but still know they are receiving highly-skilled clinical care with the latest technology," says Joe Strano, Radiology manager.

Services available in the new breast care and women's imaging area:

- **Digital mammography**—screens for breast irregularities with enhanced technology; one room is handicap accessible
- **Breast MRI**—enhances the capability to identify breast cancer
- **Mammotome®**—performs breast biopsies
- **Ultrasound**—visualizes organs such as breast, ovaries and uterus using sound waves to diagnose disease
- **Bone Density Analysis**—determines bone density as a way to screen for osteoporosis
- **Nurse Navigators**—support and guidance by nurses for women who undergo screening for breast cancer or who received a breast cancer diagnosis

Other imaging services not mentioned such as CT scans will still be offered in the general radiology area in Health Services Pavilion. A special area is available for men who require mammograms and breast MRI procedures.

Fall 2009 North Kansas City Hospital Your Health Publication



DIVIDER III
**Service Specific Criteria
and Standards**

Divider III. Community Need Criteria and Standards:

1. For new units, address the need formula for the proposed geographic service area.

N/A

2. For new units, address the minimum annual utilization standard for the proposed geographic service area.

N/A

3. For any new unit where specific need and utilization standards are not listed, provide the methodology for determining need.

N/A

4. For additional units, document compliance with the optimal utilization standard and, if not achieved, provide documentation to justify the additional unit.

There are no optimal utilization standards for robotic surgical systems.

5. For evolving technology, address the following:

N/A



DIVIDER IV
Financial Feasibility
Review Criteria and
Standards

Divider IV. Financial Feasibility Review Criteria & Standards:

1. **Document that sufficient financing is available by providing a letter from a financial institution or an auditor's statement indicating that sufficient funds are available.**

A copy of the most recent audited financial statements for the Hospital's fiscal year dated July 1, 2008-June 30, 2009, is included at the end of Divider IV.

2. **Provide Service-Specific Revenues and Expenses (Form MO 580-1866) projected through three (3) years beyond project completion.**

A copy of the Service-Specific Revenues and Expenses projected through the Hospital's fiscal year dated July 1, 2011-June 30, 2012, is included at the end of Divider IV. It should be noted that the historical and projected figures represent the "Standard model" and the "S model" combined.

3. **Document how patient charges were derived.**

The average charge is a calculation of total charges for all of the cases divided by the number of cases. Assignment of overhead costs is performed with a cost accounting system that allocates indirect department costs to direct department costs using multiple allocation methodologies.

4. Document responsiveness to the needs of the medically indigent.

Caring for the medically indigent and underserved populations is not new to North Kansas City Hospital. The Hospital's management philosophy reflects its mission to care for people from all walks of life who are in need of medical attention. This can best be illustrated in two ways.

First, examination of the most recent audited financial statements shows that North Kansas City Hospital provided over \$5.4 million of charity care in FY2008 and \$ 6.4 million FY 2009.

Second, is the Hospital's Patient Financial Assistance policy indicating our process for helping those in need of financial assistance included at the end of Divider IV.

**SERVICE-SPECIFIC REVENUES AND EXPENSES****Historical Financial Data for Latest Three Years plus Projections Through Three Years Beyond Project Completion**

(Use an individual form for each affected service with a sufficient number of copies of this form to cover entire period, and fill in the years in the appropriate blanks.)

	Year		
	<u>2007</u>	<u>2008</u>	<u>2009</u>
Amount of Utilization:*	<u>129</u>	<u>236</u>	<u>263</u>
Revenue:			
Average Charge**	<u>\$32,436</u>	<u>\$28,379</u>	<u>\$29,452</u>
Gross Revenue	<u>\$4,184,244</u>	<u>\$6,697,444</u>	<u>\$7,745,876</u>
Revenue Deductions	<u>3,224,303</u>	<u>4,831,835</u>	<u>5,663,547</u>
Operating Revenue	<u>959,941</u>	<u>1,865,609</u>	<u>2,082,329</u>
Other Revenue	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL REVENUE	<u>\$959,941</u>	<u>\$1,865,609</u>	<u>\$2,082,329</u>
Expenses:			
Direct Expense			
Salaries	<u>399,339</u>	<u>704,077</u>	<u>848,949</u>
Fees	<u>158,927</u>	<u>188,216</u>	<u>196,932</u>
Supplies	<u>582,109</u>	<u>892,807</u>	<u>1,004,282</u>
Other	<u>60,094</u>	<u>96,369</u>	<u>111,010</u>
TOTAL DIRECT	<u>\$1,200,469</u>	<u>\$1,881,469</u>	<u>\$2,161,173</u>
Indirect Expense			
Depreciation	<u>234,765</u>	<u>247,020</u>	<u>247,020</u>
Interest***	<u>0</u>	<u>0</u>	<u>0</u>
Overhead****	<u>307,734</u>	<u>526,602</u>	<u>569,416</u>
TOTAL INDIRECT	<u>\$542,499</u>	<u>\$773,622</u>	<u>\$816,436</u>
TOTAL EXPENSE	<u>\$1,742,968</u>	<u>\$2,655,091</u>	<u>\$2,977,609</u>
NET INCOME (LOSS):	<u>-\$783,027</u>	<u>-\$789,482</u>	<u>-\$895,280</u>

* Utilization will be measured in "patient days" for licensed beds, "procedures" for equipment, or other appropriate units of measure specific to the service affected.

** Indicate how the average charge/procedure was calculated.

*** Only on long term debt, not construction.

**** Indicate how overhead was calculated.



Certificate of Need Program

SERVICE-SPECIFIC REVENUES AND EXPENSES

Historical Financial Data for Latest Three Years plus Projections Through Three Years Beyond Project Completion

(Use an individual form for each affected service with a sufficient number of copies of this form to cover entire period, and fill in the years in the appropriate blanks.)

	Year		
	2010	2011	2012
Amount of Utilization:*	472	571	659
Revenue:			
Average Charge**	\$32,885	\$34,372	\$35,620
Gross Revenue	\$15,521,720	\$19,626,412	\$23,473,580
Revenue Deductions	11,405,294	14,351,083	17,192,378
Operating Revenue	4,116,426	5,275,329	6,281,202
Other Revenue	0	0	0
TOTAL REVENUE	\$4,116,426	\$5,275,329	\$6,281,202
Expenses:			
Direct Expense			
Salaries	1,609,972	1,943,958	2,222,788
Fees	415,868	440,334	461,345
Supplies	2,014,728	2,428,215	2,751,394
Other	211,823	255,712	292,094
TOTAL DIRECT	\$4,252,391	\$5,068,219	\$5,727,621
Indirect Expense			
Depreciation	446,620	314,620	215,940
Interest***	0	0	0
Overhead****	834,934	959,778	1,067,218
TOTAL INDIRECT	\$1,281,554	\$1,274,398	\$1,283,158
TOTAL EXPENSE	\$5,533,945	\$6,342,617	\$7,010,779
NET INCOME (LOSS):	-\$1,417,519	-\$1,067,288	-\$729,577

* Utilization will be measured in "patient days" for licensed beds, "procedures" for equipment, or other appropriate units of measure specific to the service affected.

** Indicate how the average charge/procedure was calculated.

*** Only on long term debt, not construction.

**** Indicate how overhead was calculated.

NORTH KANSAS CITY HOSPITAL

Procedure Category	Admitting Department	2/1/09	-Effective
			-Revised
			-Reviewed
		Kelly Vandendaele	-Author
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PATIENT FINANCIAL ASSISTANCE

Procedure

To further the mission of North Kansas City Hospital of meeting the community's needs through the provision of financial assistance for medically necessary healthcare in a fair, consistent, respectful and objective manner to uninsured, underinsured, indigent or patients in need.

Charity Care Guidelines

- a) The classification of a patient as being eligible for charity care will be determined at the time sufficient information has been obtained to verify the patient's inability to pay for needed medical services, and as soon as possible after the patient first presents for services or indicates an inability to pay for services. Financial Assistance applications may be distributed at the time the patient is classified as possibly eligible for Charity Care.
 - o Where possible, prior to the admission or pre-registration of the patient, NKCH will conduct a pre-admission/pre-registration interview with the patient, the guarantor, and/or his/her legal representative.
 - o If a pre-admission/pre-registration interview is not possible, this interview should be conducted upon admission or registration or as soon as possible thereafter. In the case of an emergency admission, the evaluation of payment alternatives should not take place until the required medical care has been provided. At the time of the initial patient interview, the following information should be gathered:
 - o Identification of potentially eligible patients can take place at any time during the rendering of services or during the collection process (including bad debt).
 - o Those patients who may qualify for financial assistance from a governmental program should be referred to the appropriate program, such as Medicaid, concurrent with the financial assistance process or assisted in completing the appropriate application.
- b) Hospital personnel will attempt to identify all ED and Outpatient cases that qualify as charity patients at the time of pre-registration or admission.
- c) Inpatient and observation self-pay accounts will be referred to HumanArc for its review of benefits available to the patient. HumanArc will also review high dollar outpatient accounts after services have been rendered.

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- d) If HumanArc determines that the patient is not eligible for Medicaid, insurance or other form of aid through any other agency, they will note the account to communicate such patient's name to a Resource Counselor to give any patient a financial assistance application upon request.
- e) Before charity care is considered, all available avenues of assistance from third-party payers must be evaluated.
- f) All services must be medically necessary in order to qualify for a charity care discount (.e.g. elective services such as cosmetic surgery do not qualify for a charity designation). Eligible services will be based on those services for which Medicare provides coverage.
- g) Patients who are identified as indigent, i.e. homeless, illegal aliens (who are not covered under any other source of third party payments), people whose identity cannot be established, and patients who are deceased with no estate, will be also be classified as eligible for Charity care.
- h) A special catastrophic provision will apply to those whose income exceeds the upper limit for partial assistance but whose medical expenses have depleted individual or family income and resources to the point that they cannot pay for medically necessary services. Under the catastrophic provision any medically necessary services which have a patient liability could qualify for assistance as determined in a case-by-case basis. The propensity to pay score will also be used to classify patients as medically indigent.
- i) If a physician provides a discount or charity to a patient, the patient must complete North Kansas City Hospital's Financial Assistance application to qualify for charity.

Financial Assistance in the ED

- The Resource Counselor will monitor the RevRunner system for self pay patients.
- Once identified, propensity to pay will be run.
- Meet with the patient to complete the Advocate interview.
 - Search for additional insurance information through the Verifier program and available websites.
 - If additional insurance is identified, the Resource Counselor will update the account's insurance information in Cerner and STAR.
 - Put the Charity application on hold in STAR.
 - Obtain information on whether patient should apply for state programs (MO Healthnet or Crime Victims) or a financial assistance application and assist with completing the application if necessary.
 - Attempt to get information regarding Auto or Liability Insurance settlements.
 - If the patient has a case pending, change the insurance information in Cerner and Star.
 - Put the Charity account on hold in STAR.
 - Access MAAC link for community resources (utility assistance, food, clothing, prescription assistance, etc...) when patients indicate some need.

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- If applicable, print a Financial Assistance application and advise of any additional documentation needed to consider the application. (see Attachment A)
 - If the propensity to pay indicator is RED, no application and no back-up documents will be required.
 - If the propensity to pay indicator is YELLOW, BLUE OR GREEN the patient will be asked to provide requested documentation within 30 days.
 - Obtain signatures on the application.
 - Locate the sliding scale bracket patient qualifies for under the hospital's financial assistance guidelines.
- Submit the Financial Assistance request for approval by scanning the Financial Assistance Recommendation documents in to Image Now.
- Document contact with patient with the appropriate transaction code in STAR.
- If the patient leaves the hospital before contact can be made, a contact us" letter is mailed to the patient or if time permits a phone call may be made.

Receipt of Manual Financial Assistance Applications

- Locate the patient's account(s) in RevRunner.
- Search for additional insurance information through the Verifier program and available websites.
 - If additional insurance is identified, the Resource Counselor will update the account's insurance information in Cerner and STAR.
 - Put the Charity application on hold in STAR.
- If additional information is required, contact the patient to complete the Advocate interview.
 - Obtain information on whether patient should apply for state programs (MO Healthnet or Crime Victims) or a financial assistance application and assist with completing the application if necessary.
 - Attempt to get information regarding Auto or Liability Insurance settlements.
 - If the patient has a case pending, change the insurance information in Cerner and Star.
 - Put the Charity account on hold in STAR.
- Run propensity to pay in Advocate.
 - If the propensity to pay indicator is RED, no application and no back-up documents will be required.
 - If the propensity to pay indicator is YELLOW, BLUE OR GREEN the patient will be asked to provide requested documentation within 30 days if not submitted with the original application.
 - Locate the sliding scale bracket the patient qualifies for under the hospital's financial assistance guidelines.
- Access MAAC link for community resources (utility assistance, food, clothing, prescription assistance, etc...) when patients indicate some need.

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- Submit the Financial Assistance request for approval by scanning the Financial Assistance Recommendation documents in to Image Now.
 - Route it to the Patient Access Manager.
- Document the status of the Financial Assistance request with the appropriate transaction code in STAR.

The Patient Access Manager will review the Financial Assistance recommendations in Image Now and will return an approval/denial decision.

Once received, the Resource Counselor will complete the following steps:

- Complete an adjustment form to send to Accounting
- Enter the appropriate standard note in STAR
- Change the financial class in STAR
- Determine a payment plan for any remaining balance.

If the patient/guarantor qualifies for a payment plan, then the Customer Service Representative/Financial Counselor/Patient Financial Services Representative will inform the patient about their responsibilities under the payment arrangement program as detailed in the patient accounts payment guidelines.

- Use the payment guidelines as established by patient accounts for payment plans.
- Payment plans may start with six months of smaller payments and then go to higher payments.
- If a patient does not maintain a payment plan, the account will be handled by patient accounts.
- If a patient is having problems meeting their payment plan, the charity application may be reviewed.
- All payment plan requests that do not have a financial assistance application involved will be forwarded to Patient Accounts.
- All patients will be sent a letter that includes the following:
 - Approval/denial,
 - Financial Assistance designation,
 - If approved, the amount of financial assistance discount
 - Conditions for the charity care.
 - Payment plan, if applicable.

If approved, the financial assistance application will cover the current balance due on all open accounts for the patient (no refunds will be made on payments made before the charity application was approved).

Any new accounts opened after the approval has been made are not considered without contacting the patient for updated information.

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A letter will be sent requesting updated information that includes a statement "the information provided in the NKCH financial assistance application has not changed in 90 days." The form will require a signature and must be returned to the resource counselor before any further accounts will be considered under the Financial Assistance policy.

Accounts Pre Listed for Bad Debt Classification

Accounts with a balance of \$5,000 or more that have been pre-listed for bad debt will be reviewed to determine if they meet Financial Assistance qualifications.

The propensity to pay feature in the Advocate module will be utilized to determine if these accounts will be reclassified to a Financial Assistance classification by using the criteria outlined previously in this procedure.

Patients with a Bad Debt classification

Requests to consider a patient with a Bad Debt classification will be made through the STAR system to the Customer Service Team Lead.

The Customer Service Team lead will notify the Collection Agency and the Resource Counselor of any holds place on the collection activity.

If approved, collection activity will be suspended during the consideration of a completed financial assistance application or an application for any other healthcare bracket (i.e., Medicare, Medicaid, Family Care, Kid Care, etc.) by changing the financial class in STAR to the appropriate status until the application is received. The STAR system will automatically generate follow up letters after 30 days without a response from the patient.

The qualification process including the application review, approval or denial, and patient notification of decision should be completed within thirty (30) days from the date that the application is received with all of the required information.

Financial Assistance Denials

If charity care is denied and new information is presented or becomes available, the application may be reconsidered.